FINANCE REPORT FOR ET DISCUSSION

May 2015

FINANCIAL OVERVIEW & KEY RISK AREAS

DP Income

Year to date actual income is £2.669M, within 1% of budget for May. We will review the full year forecast of £18M at the end of period 3 (Q1).

Cash Underspend

Underspend continues to be a risk. We will continue to diminish this risk by:

- Review of income forecasts each month for accuracy/ prudence
- Fee income strategic work around how we set our fee levels
- Isolate key spend areas or projects that could be accelerated or put on hold for a quick turnaround if our environment changed with little notice
- Balance sheet reporting and cash flow reports are being developed and will be available once the purchase management system has been installed – expected to be in by August 2015

Staff Recruitment

Staff costs pose a significant risk to the business if recruitment cannot keep up with budgeted staff levels. Continued recruitment is underway, but leaves the ICO exposed to unpredictable risk of understaffing and an underspend to budget.

Capital Spend

Our 'allocated' capital budget from the MOJ remains in review and we will continue to report against our budget submission of £850k until formal approval is received.

Budget Review Update

Budget reviews went live last month with generally good feedback and engagement. Improvements will continue over the coming months, with reports being available through a web link rather than software. Minimal budget holder engagement was noted in this month, due to the IT incident we have had; this is expected to improve throughout the year to give more detailed insight into budget fluctuations. More work needs to be completed in profiling budgets to identify actual underspend and overspends.

Purchase Management System

Initial planning work has started on the purchase management system, within the planned timescale.

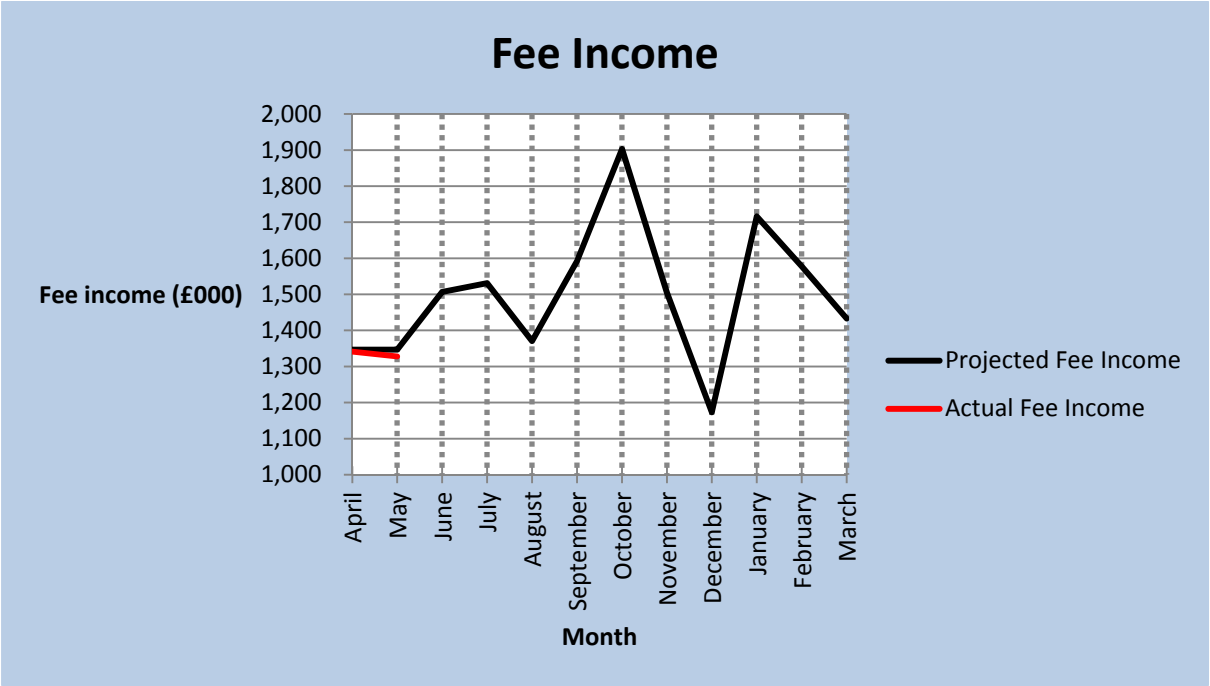
INCOME

Grant-in-aid for freedom of information activities

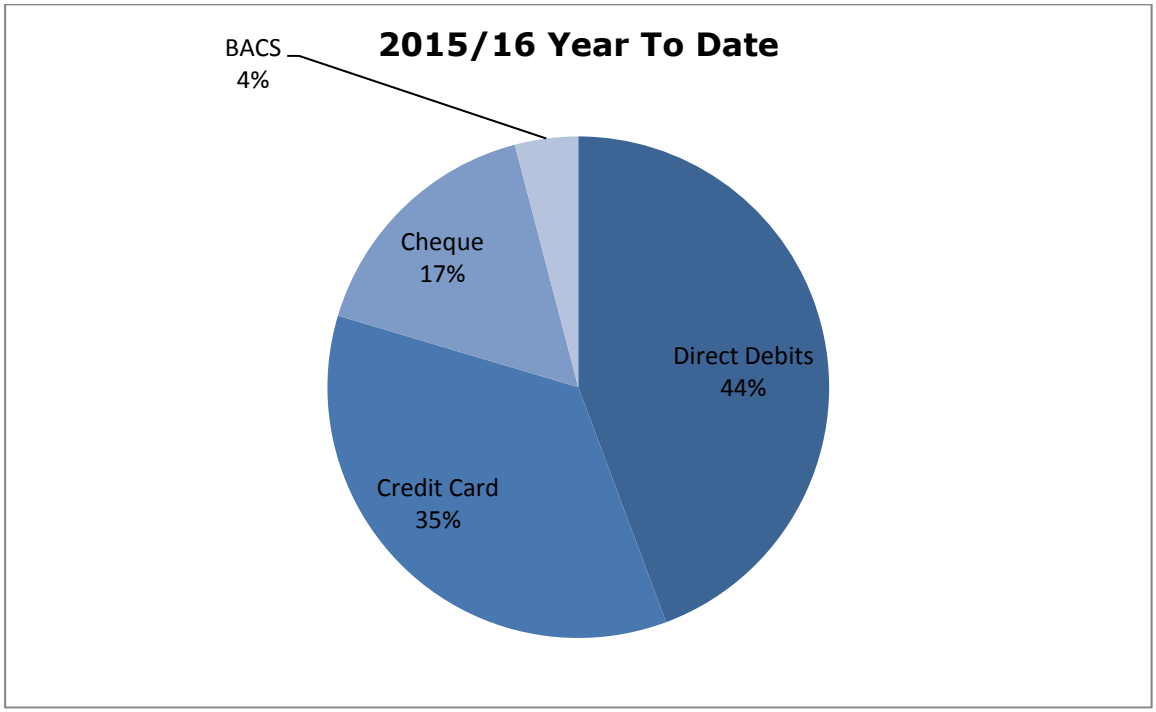
The grant-in-aid available for drawdown over 2015-16 has been confirmed at £3.7M, the first tranche of £938k has been drawn, three further drawdowns are expected in July, October and January of £921k each.

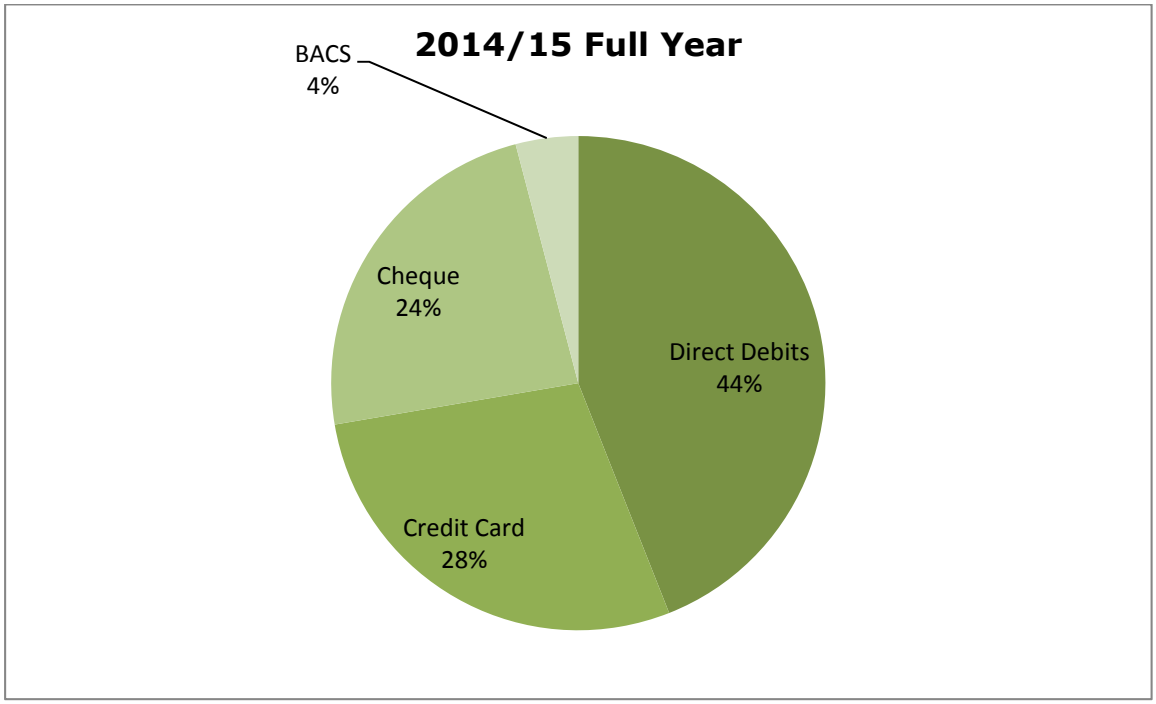
Data Protection fees processed

The chart below shows the actuals vs our current budget for the year 2015/16



The year to date fee payment method split is shown below, showing a definite trend towards credit card payments (↑ 7%) and away from cheques (↓ 7%). Direct Debits and BACS payments remain consistent to 2014/15.





EXPENDITURE

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We will only be required to report spend over £50k not included in the original budget. No such spend has occurred to date.

Total office costs

Repairs and maintenance is over budget by £36k due to the lift work that has been completed in April. The office budget will be re-profiled to represent the actual spend; the full year budget is not expected to overspend and overall is within budget.

Total staff FTE report and costs

Staff costs have come in £83k below forecasts for May. This is due to vacancies currently in recruitment. From the FTE compliment report (at the bottom of management report); there are 39.3 vacancies at present. 36 of these vacancies have been budgeted to be filled by July 2015, which leaves unfilled vacancies at 3 in the current month. Work is underway to fill these vacancies as soon as possible.

Training and Recruitment

Training and recruitment is spending to budget.

IT Costs – Service Delivery

IT spend overall is to budget, there are some minor fluctuations against budget lines where the spend is determined by usage – printing usage and telephony, which is to be expected.

Note significant expenditure has been incurred due to the IT issues experienced, we are expecting to reflect these spends in the June budget

IT Projects

Spend to date is as expected against our IT projects.

Communications Spend

The communications media budget has overspent to the planned budget by £20.7k, due to a full year media cost that has not been appropriately spread – this will be reflected in June accounts.

The overspend against design & print and conferences of £9.8k and £29.4k respectively is due to the Spring conference and should have been reflected in the profiled budget. Further work is needed to profile the conference spend and the survey spend as these budget lines are for discrete and predictable events throughout the year and do not indicate an overspend overall.

Banking, finance & audit costs

Credit card charges have been consistently lower than expected for the last two periods, this budget should be reviewed at Q1 for an expected underspend. Some additional work is required to profile out internal audit spend.

Staff travel

Travel costs are to budget.

Legal, professional & other

Legal is expected to spend to budget but can fluctuate according to case load.

Other costs relating to professional fees and subscriptions tend to be front loaded hence the immaterial overspends across each category. This is not considered to be of risk.

CAPITAL EXPENDITURE

There is c. £40k of capital spend to date on the Data Storage Solution.

Civil Monetary Penalties

The current debtor of CMPs owed to the ICO as at 31May 2015 is £227,500.

B/f 2014-15	142,500
Issued gross	160,000
Issued increase post appeal	-
Issued discount	-
Net	302,500
Paid	-
Impaired	(75,000)
Balance	**227,500**

Simon Entwisle, Deputy Chief Executive Officer
May 2015

MANAGEMENT REPORT

For the Two Months Ending 31 May 2015
ICO

	BV1 MAY 15 (£)	Actual	Variance	Var %	BV1 MAY 15 (£)	Forecast (£)	Variance	Var %
GRANT IN AID	937,500	937,500	0	0%	3,700,000	3,700,000	0	0%
DP FEE INCOME	2,693,017	2,668,905	24,112	1%	18,000,000	17,975,888	24,112	0%
DRIPA INCOME	55,000	55,000	0	0%	330,000	330,000	0	0%
TRAVEL INCOME - UK	0	505	(505)	0%	0	505	(505)	0%
TRAVEL INCOME - OVERSEAS	0	1,458	(1,458)	0%	0	1,458	(1,458)	0%
LEGAL COSTS RECOVERED	0	774	(774)	0%	0	774	(774)	0%
CONFERENCE INCOME	0	900	(900)	0%	44,000	44,900	(900)	(2%)
TOTAL INCOME	**3,685,517**	**3,665,043**	**20,475**	**1%**	**22,074,000**	**22,053,525**	**20,475**	**0%**
Income Check	*(3,685,517)*	*(3,665,043)*	*(20,475)*	*1%*	*(22,074,000)*	*(22,053,525)*	*(20,475)*	*0%*
RENT	129,584	117,016	12,568	10%	777,512	764,944	12,568	2%
RATES	44,468	44,567	(99)	0%	225,235	225,334	(99)	0%
SERVICE CHARGES	3,820	6,337	(2,517)	(66%)	22,920	25,437	(2,517)	(11%)
CAR PARKING	17,696	17,793	(97)	(1%)	106,177	106,274	(97)	0%
HEAT & LIGHT	10,600	12,090	(1,490)	(14%)	84,000	85,490	(1,490)	(2%)
WATER	2,666	2,666	0	0%	16,000	16,000	0	0%
CLEANING	9,800	9,446	354	4%	58,800	58,446	354	1%
SECURITY	7,072	8,722	(1,650)	(23%)	42,432	44,082	(1,650)	(4%)
WASTE	676	1,275	(599)	(89%)	4,056	4,655	(599)	(15%)
STORAGE	2,312	3,213	(901)	(39%)	13,872	14,773	(901)	(6%)
REPAIRS & MAINTENANCE	4,166	40,182	(36,016)	(865%)	25,000	61,016	(36,016)	(144%)
MOTOR COSTS	334	38	296	89%	2,000	1,704	296	15%
KITCHEN	8,334	7,279	1,055	13%	50,004	48,949	1,055	2%
FURNITURE	3,912	1,061	2,851	73%	23,475	20,624	2,851	12%
GENERAL EQUIPMENT	5,834	4,501	1,333	23%	35,000	33,667	1,333	4%
STATIONERY	5,000	4,121	879	18%	30,000	29,121	879	3%
POSTAGE	10,141	2,936	7,205	71%	60,845	53,641	7,205	12%
DOCUMENT DESTRUCTION	1,666	747	919	55%	10,000	9,081	919	9%
TOTAL OFFICE COSTS	**268,081**	**283,993**	**(15,912)**	**(6%)**	**1,587,328**	**1,603,240**	**(15,912)**	**(1%)**
SALARIES	1,760,297	1,635,577	124,720	7%	11,321,171	11,196,451	124,720	1%
OVERTIME	13,333	11,678	1,656	12%	80,000	78,344	1,656	2%
PENSION	366,587	353,256	13,331	4%	2,356,415	2,343,084	13,331	1%
NATIONAL INSURANCE	123,221	127,919	(4,698)	(4%)	792,480	797,178	(4,698)	(1%)
AGENCY STAFF	0	50,164	(50,164)	0%	0	50,164	(50,164)	0%
NON EXEC BOARD MEMBER	8,417	10,129	(1,713)	(20%)	50,500	52,213	(1,713)	(3%)
TOTAL STAFF COSTS	**2,271,854**	**2,188,723**	**83,131**	**4%**	**14,600,566**	**14,517,435**	**83,131**	**1%**
RECRUITMENT	8,334	8,216	118	1%	50,000	49,882	118	0%
HEALTH & SAFETY	4,166	5,622	(1,456)	(35%)	25,000	26,456	(1,456)	(6%)

MANAGEMENT REPORT

For the Two Months Ending 31 May 2015
ICO

	BV1 MAY 15 (£)	Actual	Variance	Var %	BV1 MAY 15 (£)	Forecast (£)	Variance	Var %
FURTHER EDUCATION	832	0	832	100%	5,000	4,168	832	17%
TRAINING COURSES	15,166	15,944	(778)	(5%)	91,000	91,778	(778)	(1%)
CONFERENCES	2,000	2,070	(70)	(4%)	12,000	12,070	(70)	(1%)
MANAGEMENT DEVELOPMENT	2,000	654	1,346	67%	12,000	10,654	1,346	11%
TOTAL TRAINING AND RECRUITMENT	**32,498**	**32,506**	**(8)**	**0%**	**195,000**	**195,008**	**(8)**	**0%**
HOSTING, WEB AND TELEPHONY	116,666	117,735	(1,069)	(1%)	699,997	701,066	(1,069)	0%
APP & DESKTOP SUPPORT	113,334	117,971	(4,637)	(4%)	680,000	684,637	(4,637)	(1%)
SOFTWARE LICENSING	47,500	40,055	7,445	16%	285,000	277,555	7,445	3%
SECURITY CONTRACT	0	0	0	0%	70,000	70,000	0	0%
NOTIFICATION PRINTING	25,834	31,373	(5,539)	(21%)	155,000	160,539	(5,539)	(4%)
MANAGED PRINT	7,038	9,351	(2,313)	(33%)	42,231	44,544	(2,313)	(5%)
HARDWARE MAINTENANCE	13,334	7,017	6,317	47%	80,000	73,683	6,317	8%
GOV SECURE INTERNET	0	0	0	0%	130,000	130,000	0	0%
TELEPHONY CALLS & BROADBAND	15,334	20,401	(5,067)	(33%)	92,000	97,067	(5,067)	(6%)
TOTAL IT COSTS	**339,040**	**343,903**	**(4,863)**	**(1%)**	**2,234,228**	**2,239,091**	**(4,863)**	**0%**
ICE CRM DEVELOPMENT	40,000	38,830	1,170	3%	250,000	248,830	1,170	0%
FINANCE SYSTEM	0	120	(120)	0%	0	120	(120)	0%
WEBSITE DEVELOPMENT	0	0	0	0%	250,000	250,000	0	0%
MOBILE WORKING SOLUTIONS	0	300	(300)	0%	0	300	(300)	0%
DOCUMENT STORAGE SOLUTION	0	0	0	0%	100,000	100,000	0	0%
OTHER PROJECT WORK	5,000	5,043	(43)	(1%)	815,000	815,043	(43)	0%
TOTAL PROJECT SPEND (INC CAPITAL)	**45,000**	**44,293**	**707**	**2%**	**1,415,000**	**1,414,293**	**707**	**0%**
CAMPAIGNS, MEDIA RELATIONS & PR	7,500	0	7,500	100%	45,000	37,500	7,500	17%
MEDIA MONITORING	7,500	28,185	(20,685)	(276%)	45,000	65,685	(20,685)	(46%)
DESIGN & PRINT	9,166	18,971	(9,805)	(107%)	55,000	64,805	(9,805)	(18%)
DISTRIBUTION	6,666	0	6,666	100%	40,000	33,334	6,666	17%
SURVEYS	11,000	1,761	9,239	84%	66,000	56,761	9,239	14%
CONFERENCES	10,000	39,418	(29,418)	(294%)	104,000	133,418	(29,418)	(28%)
ICON DEVELOPMENT	4,000	1,325	2,675	67%	24,000	21,325	2,675	11%
STAFF EVENTS	1,000	0	1,000	100%	6,000	5,000	1,000	17%
WEB MAINTENANCE	5,000	2,100	2,900	58%	30,000	27,100	2,900	10%
TOTAL COMMUNICATIONS	**61,832**	**91,758**	**(29,926)**	**(48%)**	**415,000**	**444,926**	**(29,926)**	**(7%)**
BANK CHARGES	6,667	6,840	(173)	(3%)	40,000	40,173	(173)	0%
CARD PROCESSING CHARGES	14,332	5,597	8,735	61%	86,000	77,265	8,735	10%
EXTERNAL AUDIT	5,000	7,458	(2,458)	(49%)	30,000	32,458	(2,458)	(8%)
INTERNAL AUDIT	8,330	3,285	5,045	61%	50,000	44,955	5,045	10%
TOTAL FINANCIAL COSTS	**34,329**	**23,180**	**11,149**	**32%**	**206,000**	**194,851**	**11,149**	**5%**

MANAGEMENT REPORT

For the Two Months Ending 31 May 2015
ICO

	BV1 MAY 15 (£)	Actual	Variance	Var %	BV1 MAY 15 (£)	Forecast (£)	Variance	Var %
TRAVEL UK	59,170	53,892	5,278	9%	355,000	349,722	5,278	1%
TRAVEL OVERSEAS	6,668	11,180	(4,512)	(68%)	40,000	44,512	(4,512)	(11%)
TOTAL TRAVEL	**65,838**	**65,072**	**766**	**1%**	**395,000**	**394,234**	**766**	**0%**
LEGAL	34,831	19,613	15,218	44%	300,000	284,782	15,218	5%
LIBRARY & SUBSCRIPTIONS	13,248	15,353	(2,105)	(16%)	79,500	81,605	(2,105)	(3%)
PROFESSIONAL SUBS	0	2,456	(2,456)	0%	0	2,456	(2,456)	0%
SUBSISTANCE	0	105	(105)	0%	0	105	(105)	0%
RESEARCH	0	1,172	(1,172)	0%	0	1,172	(1,172)	0%
PROFESSIONAL SERVICES	28,748	33,709	(4,961)	(17%)	172,500	177,461	(4,961)	(3%)
OTHER	0	3,215	(3,215)	0%	0	3,215	(3,215)	0%
TOTAL LEGAL, PROFESSIONAL & OTHER	**76,827**	**75,621**	**1,205**	**2%**	**552,000**	**550,795**	**1,205**	**0%**
TOTAL COSTS	**3,195,299**	**3,149,049**	**46,249**	**1%**	**21,600,122**	**21,553,873**	**46,249**	**0%**
Cost check	*3,195,299*	*3,149,049*	*46,249*	*1%*	*21,600,122*	*21,553,873*	*46,249*	*0%*
SURPLUS	**490,219**	**515,993**	**(25,774)**	**(5%)**	**473,878**	**499,652**	**(25,774)**	**(5%)**

FTE Staff Analysis

Permanent Staff Band A	9.6	9.6	0.0	0.0	9.6	9.6	0.0	0.0
Permanent Staff Band B	34.7	21.7	13.0	0.4	34.7	21.7	13.0	0.4
Permanent Staff Band C	122.9	112.3	10.6	0.1	122.9	112.3	10.6	0.1
Permanent Staff Band D	90.9	78.8	12.1	0.1	90.9	78.8	12.1	0.1
Permanent Staff Band E	99.3	85.1	14.2	0.1	99.3	85.1	14.2	0.1
Permanent Staff Band F	42.4	40.2	2.2	0.1	42.4	40.2	2.2	0.1
Permanent Staff Band G	12.0	12.0	0.0	0.0	12.0	12.0	0.0	0.0
Permanent Staff Band H	3.0	3.0	0.0	0.0	3.0	3.0	0.0	0.0
Agency Staff Band B	0.0	3.4	(3.4)	0.0	0.0	3.4	(3.4)	0.0
Agency Staff Band C	0.0	5.8	(5.8)	0.0	0.0	5.8	(5.8)	0.0
Agency Staff Band D	0.0	3.6	(3.6)	0.0	0.0	3.6	(3.6)	0.0
Total FTE staff	**414.8**	**375.5**	**39.3**	**0.1**	**414.8**	**375.5**	**39.3**	**0.1**